

A bill for an act

relating to human services; requiring the issuance of certain federal incentive payments; providing a temporary rate increase for certain hospitals; authorizing certain voluntary intergovernmental transfer payments; authorizing additional medical assistance payments under certain circumstances; requiring reporting of additional certified public expenditures; amending Minnesota Statutes 2008, sections 256.01, by adding a subdivision; 256.969, by adding a subdivision; 256B.199; proposing coding for new law in Minnesota Statutes, chapter 256B.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2008, section 256.01, is amended by adding a subdivision to read:

Subd. 29. **Electronic health records federal incentive payments.** (a) The commissioner shall issue electronic health records federal incentive payments available under the American Recovery and Reinvestment Act of 2009 to qualifying hospitals as soon as the Center for Medicare and Medicaid Services makes the federal money available. The commissioner shall pay to each hospital that demonstrates it is engaged in efforts to adopt, implement, or upgrade certified electronic health records technology during the first year federal incentive payments are available an amount equal to 50 percent of the total incentive payments available for that hospital. Of the hospitals that qualify for 50 percent incentive payments in the first year, those that demonstrate in the second year meaningful use of certified electronic health records shall receive an additional 40 percent of the total incentives available to that hospital. These hospitals shall receive their final ten percent allotment in the third year.

(b) The commissioner shall develop a payment schedule and process for hospitals that do not demonstrate in the first year that they are engaged in efforts to adopt, implement, or upgrade certified health records technology.

Sec. 2. Minnesota Statutes 2008, section 256.969, is amended by adding a subdivision to read:

Subd. 28. **Temporary rate increase for qualifying hospitals.** For the period from October 1, 2008, to September 30, 2010, for each hospital with a medical assistance utilization rate equal to or greater than 25 percent during the base year, the commissioner shall provide an equal percentage rate increase for each medical assistance admission. The commissioner shall estimate the percentage rate increase using as the state share of the increase the amount available under section 256B.199, paragraph (d). The commissioner shall settle up payments to qualifying hospitals based on actual payments under that section and actual hospital admissions.

Sec. 3. **[256B.196] VOLUNTARY INTERGOVERNMENTAL TRANSFERS; HOSPITAL PAYMENTS.**

Subdivision 1. **Federal approval required.** This section is contingent on federal approval of the voluntary intergovernmental transfers and payments authorized under this section. This section is also contingent on current payment by the government entities of the voluntary intergovernmental transfers under this section.

Subd. 2. **Commissioner's duties.** (a) For the purposes of this subdivision and subdivision 3, the commissioner shall determine the fee-for-service outpatient hospital services upper payment limit for nonstate government hospitals. The commissioner shall then determine the amount of a supplemental payment to Hennepin County Medical Center and Regions Hospital for these services that would increase medical assistance spending in this category to the aggregate upper payment limit for all nonstate government hospitals in Minnesota. In making this determination, the commissioner shall allot the available increases between Hennepin County Medical Center and Regions Hospital based on the ratio of medical assistance fee-for-service outpatient hospital payments to the two facilities. The commissioner shall adjust this allotment as necessary based on federal approvals, the amount of voluntary intergovernmental transfers received from each institution, and other factors, in order to maximize the additional total payments. The commissioner shall inform Hennepin County Medical Center and Regions Hospital of the periodic voluntary intergovernmental transfers necessary to match federal Medicaid payments available under this subdivision in order to make supplementary medical assistance payments to the medical center and the hospital equal to an amount that when combined with existing medical assistance payments to nonstate governmental hospitals would increase total payments to hospitals in this category for outpatient services to the aggregate upper payment limit for all hospitals in this category in Minnesota. Upon

3.1 receipt of these periodic voluntary transfers, the commissioner shall make supplementary
3.2 payments to Hennepin County Medical Center and Regions Hospital.

3.3 (b) For the purposes of this subdivision and subdivision 3, the commissioner
3.4 shall determine an upper payment limit for physicians affiliated with Hennepin County
3.5 Medical Center and with Regions Hospital. The upper payment limit shall be the average
3.6 commercial rate, based on physician rates paid to each facility by the five commercial
3.7 payers with the greatest volume of physician payments in Minnesota and based on source
3.8 documents from each eligible facility's accounts receivable systems. The commissioner
3.9 shall inform Hennepin County Medical Center and Regions Hospital of the periodic
3.10 voluntary intergovernmental transfers necessary to match the federal Medicaid payments
3.11 available under this subdivision in order to make supplementary payments to physicians
3.12 affiliated with the medical center and the hospital equal to the difference between the
3.13 established medical assistance payment for physician services and the upper payment
3.14 limit. Upon receipt of these periodic voluntary transfers, the commissioner shall make
3.15 supplementary payments to the Hennepin County Medical Center and Regions Hospital.

3.16 (c) For purposes of this subdivision and subdivision 3, the commissioner shall
3.17 determine the highest payment rates for Metropolitan Health Plan and HealthPartners that
3.18 would be actuarially sound. For purposes of this paragraph, "actuarially sound" means
3.19 rates that:

3.20 (1) have been developed in accordance with generally accepted accounting
3.21 principals and practices;

3.22 (2) are appropriate for the populations covered and services furnished under the
3.23 contract; and

3.24 (3) have been certified by a qualified actuary.

3.25 The commissioner shall inform Hennepin County Medical Center and Regions Hospital
3.26 of the periodic voluntary intergovernmental transfers necessary to match the federal
3.27 Medicaid payments available under this subdivision in order to make supplementary
3.28 payments to Metropolitan Health Plan and HealthPartners equal to the difference between
3.29 the established medical assistance payment and the actuarially sound rate determined
3.30 under this paragraph. Upon receipt of these periodic voluntary transfers, the commissioner
3.31 shall make supplementary payments to Metropolitan Health Plan and HealthPartners.

3.32 (d) The commissioner shall inform Hennepin County Medical Center and Regions
3.33 Hospital on an ongoing basis of the need for any changes needed in the voluntary
3.34 intergovernmental transfers in order to continue the supplementary payments under
3.35 paragraphs (a) to (c), at their maximum level, including increases in upper payment limits,
3.36 changes in the federal Medicaid match, and other factors.

(e) The payments in paragraphs (a) to (c) shall be implemented independently of each other, subject to federal approval and to the receipt of voluntary transfers under subdivision 3.

Subd. 3. **Voluntary intergovernmental transfers.** Based on the determination by the commissioner under subdivision 2, Hennepin County Medical Center and Regions Hospital may make periodic voluntary intergovernmental transfers to the commissioner for the purposes of subdivision 2, paragraphs (a) to (c). All of the voluntary intergovernmental transfers made by Hennepin County Medical Center shall be used to match federal payments to Hennepin County Medical Center under subdivision 2, paragraph (a); to physicians affiliated with Hennepin County Medical Center under subdivision 2, paragraph (b); and to Metropolitan Health Plan under subdivision 2, paragraph (c). All of the voluntary intergovernmental transfers made by Regions Hospital shall be used to match federal payments to Regions Hospital under subdivision 2, paragraph (a); to physicians affiliated with Regions Hospital under subdivision 2, paragraph (b); and to HealthPartners under subdivision 2, paragraph (c).

Subd. 4. **Adjustments permitted.** (a) The commissioner may adjust the intergovernmental transfers under subdivision 3 and the payments under subdivision 2 based on the commissioner's determination of Medicare upper payment limits, hospital-specific charge limits, and hospital-specific limitations on disproportionate share payments. Any adjustments must be made on a proportional basis. The commissioner may make adjustments under this subdivision only after consultation with the affected counties and hospitals.

(b) The ratio of medical assistance payments specified in subdivision 2 to the voluntary intergovernmental transfers specified in subdivision 3 shall not be reduced except as provided under paragraph (a).

Sec. 4. Minnesota Statutes 2008, section 256B.199, is amended to read:

256B.199 PAYMENTS REPORTED BY GOVERNMENTAL ENTITIES.

(a) Effective July 1, 2007, the commissioner shall apply for federal matching funds for the expenditures in paragraphs (b) and (c).

(b) The commissioner shall apply for federal matching funds for certified public expenditures as follows:

(1) Hennepin County, Hennepin County Medical Center, Ramsey County, Regions Hospital, the University of Minnesota, and Fairview-University Medical Center shall report quarterly to the commissioner beginning June 1, 2007, payments made during the second previous quarter that may qualify for reimbursement under federal law;

(2) based on these reports, the commissioner shall apply for federal matching funds. These funds are appropriated to the commissioner for the payments under section 256.969, subdivision 27; and

(3) by May 1 of each year, beginning May 1, 2007, the commissioner shall inform the nonstate entities listed in paragraph (a) of the amount of federal disproportionate share hospital payment money expected to be available in the current federal fiscal year.

(c) The commissioner shall apply for federal matching funds for general assistance medical care expenditures as follows:

(1) for hospital services occurring on or after July 1, 2007, general assistance medical care expenditures for fee-for-service inpatient and outpatient hospital payments made by the department shall be used to apply for federal matching funds, except as limited below:

(i) only those general assistance medical care expenditures made to an individual hospital that would not cause the hospital to exceed its individual hospital limits under section 1923 of the Social Security Act may be considered; and

(ii) general assistance medical care expenditures may be considered only to the extent of Minnesota's aggregate allotment under section 1923 of the Social Security Act; and

(2) all hospitals must provide any necessary expenditure, cost, and revenue information required by the commissioner as necessary for purposes of obtaining federal Medicaid matching funds for general assistance medical care expenditures.

(d) For the period from October 1, 2008, to September 30, 2009, the commissioner shall apply for additional federal matching funds available as disproportionate share hospital payments under the American Recovery and Reinvestment Act of 2009. These funds shall be made available as the state share of payments under section 256.969, subdivision 28. The entities required to report certified public expenditures under paragraph (b), clause (1), shall report additional certified public expenditures as necessary under this paragraph.